

# Essential element to be a successful financial planner in hong kong

[Finance](#)



| Topic: “ Describe the essential element to be a successful financial planner in Hong Kong and China. Explain the challenges of | | practicing ethical financial planning in Hong Kong and China. ” | The financial climate is changing constantly with the changing of numerous influential factors. Financial planning is one of the financial industries which gradually developed from a vague concept to a recognized specialty.

However, this industry is still in a young stage so that there are some problematic issues concerned especially in some Asian districts like Hong Kong and China. It can be reflected particularly in the remuneration system and professionalization of financial planners as well as public recognition for this industry. To reach a mature level, the first step is establishing a public confidence. Therefore it is emergent for financial planners to think about how to become successful. As the role of helping clients makes some most important decisions of their lives, financial planners are required to satisfy a specific set of essential elements.

The first and also the most basic requirement for them is strong professional knowledge. Financial planners should be able to implement a comprehensive process when help clients create financial plans and evaluate financial products packages independently to satisfy clients’ need. Well-rounded professional knowledge in varied fields is crucial at the moment which including not only the financial related areas such as economics, business management, and investment, insurance but also some other non-financial related areas such as psychology and sociology.

Having the general base knowledge is the start but not the end in the careers so that many financial planners are expected to have an expertise <https://assignbuster.com/essential-element-to-be-a-successful-financial-planner-in-hong-kong/>

in particular field which can help them directly take an advantage position in satisfying some specific clients' need. Take the insurance planning as an example; a financial planner who is expertise in the insurance industry as well as having the basic all round knowledge will be most likely to gain the clients' trust.

In addition, the ongoing learning is also essential since the financial environment is changing every day and all the decisions should be made according to the particular background environment. The Mainstay's survey in 2006 shows that 85 percent of the population wants financial planners who are knowledgeable, skilled, and actually care beyond the transaction. And there are also other researches and evidences indicate that interpersonal skills are more important than technical expertise at most times.

In this sense, the ability to have emotional resonance with clients and show one's sincere and caring attitude would be crucial to attract new clients and establish a long term relationship with existing clients. Also it is applicable in making financial plans and implementing related strategies because clients' assistances and cooperation play a significant role in the process. This implication can be obviously reflected in the second step of a formal personal financial planning process, gathering client data and determining goals.

When communicating with clients, an excellent financial planner would be able to extract useful information to understand the client's motivations as well as manage their expectations. It is no doubt that a good reputation is the most valuable thing for financial planners. In addition to professional <https://assignbuster.com/essential-element-to-be-a-successful-financial-planner-in-hong-kong/>

knowledge and strong interpersonal skills, ethical behavior is a great concern. Proposed ethical behavior standards are based on principle of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence.

These principles given by CFP Board aim to encourage public confidence to financial planning industry as well as explicitly identify practitioners' responsibilities and obligations to different stakeholders. However, practicing these ethical principles in real world may not an easy task. The following part of the essay will examine the challenges of practicing ethical financial planning in Hong Kong and China. With rapid wealth accumulation and increasing investor demand in Hong Kong and China, a higher potential development opportunity for financial planning services had been witnessed.

But at the same time, a higher expectation for quality financial planning with insufficient confidence from the public becomes a source of challenges for this industry. It appears to be tougher when considering the implementation of ethical financial planning since the nature of the industry is based on trust between clients and planners. These challenges are reflected particularly in the following aspects. Firstly, fee-based financial planning barely exists in Asia due to the low consumer acceptance degree, which most likely to lead to an issue of interest conflicts.

A financial planner is commonly compensated by commissions from selling product quotas given by their companies and the selection of product may not be the best choice for clients. It also matters when considering the risk tolerance for financial planners' income. Only commission-based compensation may result in unethical behavior practiced by financial  
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planners to survive because of sharp drop in income during the business recession. Secondly, it is challengeable for financial planners to offer high quality services without sufficient confidence and trust from clients.

Financial planners must have deep understanding about their client's financial status, needs and concerns in order to give desirable advices. However, most Chinese consumers are not willing to offer their private information to people whom they are not familiar with, which make it difficult to decide the initial plan and identify the expected outcomes. It is true that an excellent financial planner should have the interpersonal skills of encouraging clients to provide related information as much as possible.

The contention about what degree an planner should pursue discovery conversations and how to justify the ethical position when making effort to gain the consumer information is concerned. Finally, the level of knowledge and education of financial services to the public are relatively low in districts for some undeveloped cities in mainland China, which may become a kind of misguided incentive of unethical behavior to financial planning services providers affected by the poor review mechanism and lapses of checks.

It can be strongly reflected in the fairness issue such as disclose of information between planners and clients It will take long for this industry to develop mutually, some improvement measures can be practiced now. Efforts could be focused on several aspects including the closely supervise of cooperate governance, adequate training for practitioners' competence and professionalism, as well as the education for the public.